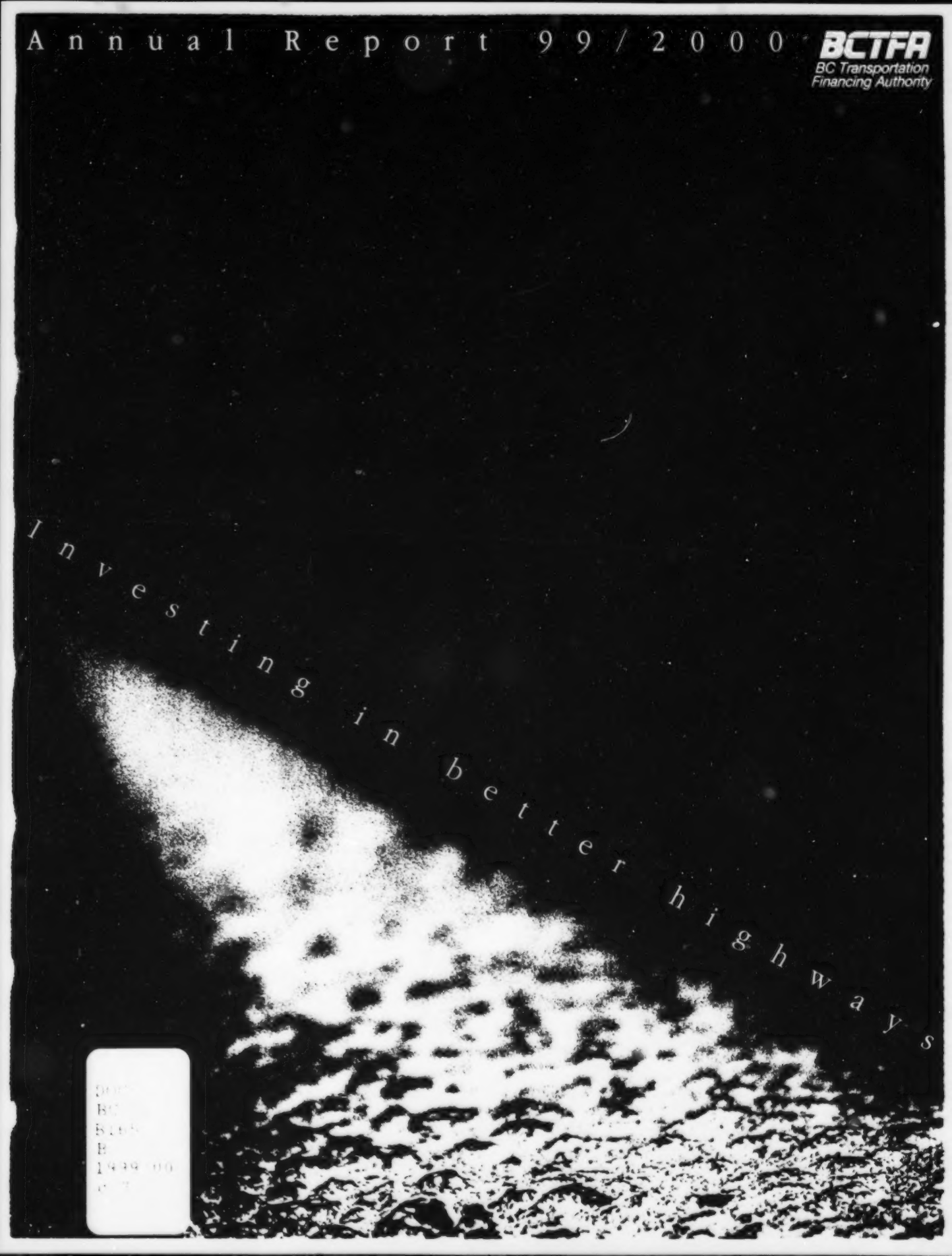
Annual Report 99/2000

BCTFA
BC Transportation Financing Authority



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BRITISH COLUMBIA

The Honourable
Garde B. Gardom
Lieutenant Governor
of the Province of
British Columbia

May it Please Your Honour:

I am pleased to submit the Annual Report of the BC Transportation Financing Authority for the period of April 1, 1999 to March 31, 2000, in accordance with the Build BC Act.

Harry Lali

Harry S. Lali
Minister responsible for the
BC Transportation Financing Authority

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A Message from the Minister

In 1999/00, the BC Transportation Financing Authority invested nearly half-a-billion dollars to improve the province's highway system. In the short term, this program created 4,000 private-sector jobs and benefited communities in all regions, particularly those that were hit by the worldwide downturn in natural resource-based industries. In the long term, this investment, by improving connections for British Columbia residents, businesses and visitors, will prove to be a key factor in promoting economic expansion and employment growth in all areas of the province.

The BCTFA invested more than $130 million for the preservation and replacement of our existing provincial road system, especially in the North and the Interior. These roads are not only economically vital but they also provide crucial access to medical, educational and social service. Long distances and rugged terrain often separate towns, communities and residents from services in these regions. That's why a safe, reliable road system is so important. The Northern Roads Initiative, which was launched in 1998, has doubled the amount of provincial investment in these crucial road connections.

A further investment of over $75 million improved the performance of highways in these and other regions of the Province. This investment will help communities that are now dependent on resources diversify their economies as the 21st century begins.

This was the first full year of operations of the High Occupancy Vehicle lanes along Highway 1 in the Lower Mainland and the start of construction of a fifth lane on the Port Mann Bridge. Other traffic flow improvements in that commuter corridor are key investments in the Province's effort to reduce the region's Lower Mainland's traffic congestion problems.

All these investments have another important feature-they improve safety for all highway users. This too represents a top government priority, one that cannot be overvalued.

Of all the provinces, British Columbia has the largest share of the national highway system, which is essential to Canada's prosperity. To improve the performance of the most important element in this system, the Trans-Canada Highway, the BCTFA has commenced a multi-year investment program from Cache Creek to the Rockies that will result in a safer and more efficient route to the West Coast for all Canadians.

I am proud of the work accomplished by the BCTFA and I would like to thank my colleagues on the board for their dedication to investing in better highways to help build BC's future.

Harry Lali

Harry S. Lali
Minister of Transportation & Highways
Minister responsible for the BC Transportation Financing Authority

A Message from the President and CEO

The 1999/00 fiscal year was an important one for the BC Transportation Financing Authority. The year saw the BCTFA take on new responsibilities, launch a major investment program and increase its ability to develop new infrastructure in a cost effective way.

The BCTFA continued its important work in the area of cost containment. Our cost containment strategies, the means by which we make investment dollars stretch further, have resulted in savings of more than $133 million over the past six years. These vital approaches to new infrastructure have allowed the BCTFA to invest in more projects without added costs to the provincial taxpayer.

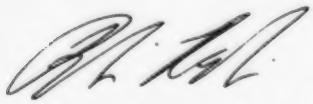
The BCTFA 1999/00 highway capital plan, valued at close to half a billion dollars, helped the government meet its strategic goals in significant ways. The highway investment program not only employed thousands but it also served other important objectives. Capital investment in roads supports community development. And it helps the diversification of BC's economy, especially in the important areas of tourism, energy and resources.

As the work on the Vancouver Island Highway approaches conclusion, the BCTFA is turning its attention to upgrading a major portion of the Trans-Canada Highway from Cache Creek to the Rockies. In 1999/00 work finished on some parts of the overall project, including the Monte Creek Interchange, which has been completed ahead of schedule and under budget. Advance planning is almost complete for the entire route.

Even as we complete and contemplate these projects worth billions of dollars, the BCTFA continues to concentrate on ways of reducing operating expenses. In 1999/00, all three of the BCTFA's divisions worked on integrating their involvement with individual projects, thereby improving efficiencies. BCTFA staff, working with the staff of the Ministry of Transportation and Highways, are developing strategies for rehabilitating our highway assets based on life cycle costing that will determine, for example, what form of rehabilitation makes most sense for a bridge or stretch of highway. They will also indicate what is the most advantageous time to replace an asset. These deliberations are based on multiple account evaluations and the existence of a strong business case for each project. The BCTFA routinely applies value analysis and value engineering methodology when considering its investments as well as a defined set of performance measures, which are outlined later in this report.

The 1999/00 fiscal year saw legislation to transfer ownership of all highway assets to the BCTFA. This development increased the BCTFA's overall asset base and brought with it a new set of tasks and responsibilities. I am pleased to report that the transfer has taken place smoothly with no major problems.

In many different ways the BCTFA is continuing to make progress on finding the most effective methods for financing, defining and scheduling transportation infrastucture. In 1990/00, we continued to build on the strong foundations previously established, ensuring that this work will have lasting value for many years to come.



Blair Redlin
President & CEO BC Transportation Financing Authority

BCTFA Profile & Financial Highlights

About the BCTFA

The BC Transportation Financing Authority is a provincial Crown corporation governed by a five-member Board of Directors. The corporation's head office is in Victoria, and there is a branch office in Vancouver.

The BCTFA's corporate mandate is specified in the *Build BC Act* (1993).

"to plan, acquire, construct, improve or cause to be constructed or improved transportation infrastructure throughout British Columbia and to do such other things as the Lieutenant Governor in Council may authorize."

The BCTFA's nine strategic goals and priorities are:

- Support local and regional economies through the acceleration of capital investments
- Improve the mobility of people and goods in expanding urban areas and along strategic transportation corridors
- Facilitate economic development and ensure mobility in the north and interior of British Columbia
- Support regional growth management plans and alternative transportation modes for urban commuters
- Improve highway safety
- Increase the share of the cost of new or improved highway infrastructure paid by users and beneficiaries
- Implement cost-effective means of solving transportation problems and constructing highway investments
- Invest in transportation infrastructure that supports economic and employment growth
- Provide employment training and opportunities for people from traditionally disadvantaged groups

The BCTFA coordinates the development and financing of provincial transportation infrastructure, taking a long-term view while it oversees and administers year-to-year investment decisions for highway construction around the province. The work begins with the BCTFA Board, which prioritizes projects and then establishes scope, schedule and budget for each.

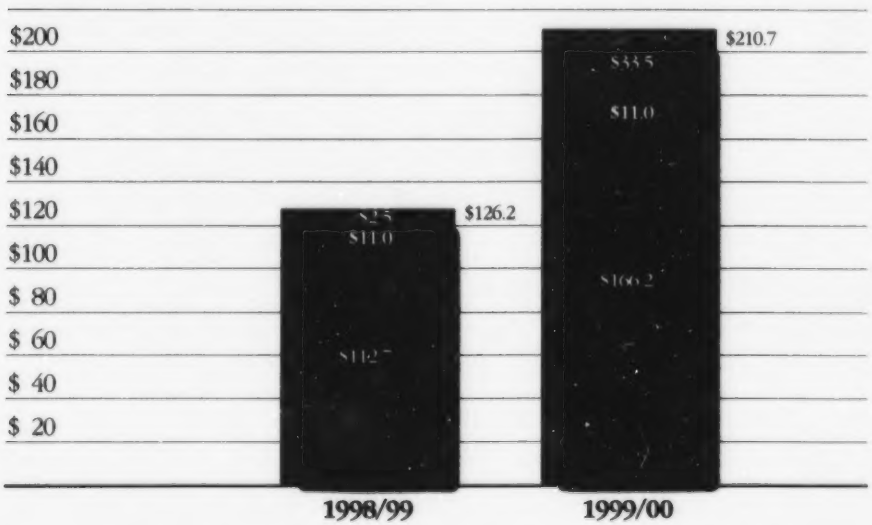
Most of the BCTFA's revenue comes from a share of the provincial motor fuel tax, set at three cents per litre in 1999/00 and rising to 3.25 cents per litre April 1, 2000. BC is one of only two Canadian provinces that dedicate fuel taxes directly to highway capital investment. Additional revenue comes from a share of the $1.50 per day provincial sales tax on vehicle rentals, as well as property and investment income.

The BCTFA has a wholly-owned subsidiary, Highway Constructors Ltd., which is the employer of construction labour on major provincially-funded highway projects and as well as the SkyTrain expansion in Greater Vancouver. HCL ensures that local hire and employment equity priorities are applied to such projects.

In 1999/00 the fuel tax generated $166.2 million for the corporation while car rental surcharges generated an additional $11 million.

Revenue from all sources totalled $210.7 million in 1999/00.

REVENUE ($ millions)



The BCTFA's Assets

On March 31, 1999, the BCTFA became the owner of British Columbia's provincial highway network. The value of these assets is $4.1 billion.

The provincial highway network comprises the following (large figures rounded off to nearest hundred):

- 23,200 kilometres of paved roads
- 18,200 kilometres of gravel roads
- 2,700 bridges
- 64 tunnels/snow sheds
- 800 traffic control devices

If the entire provincial highway network had to be replaced it would cost an estimated $66.5 billion. The average age of primary highways is 13 years and of all highways 16 years. Almost two-thirds of British Columbia's entire road network is provincially owned with most of the remainder under the control of municipalities and regional districts. The federal government is responsible for administering 1,500 kilometres of highways, mainly through national parks.

The BCTFA and the Ministry of Transportation and Highways

The BCTFA and MoTH work closely together in planning, program development, program delivery, and monitoring of the provincial transportation system. The two agencies have recently completed an efficiency review to clarify roles and responsibilities.

The most important relationship between the two organizations is MoTH's role as delivery agent managing the construction for most BCTFA highway projects. In 1999/00, MoTH was responsible for delivering capital projects worth $417.7 million, approximately 86% of the BCTFA's annual Capital Plan. These projects are defined in project funding agreements specifying scope, schedule, and budget and, in certain cases, implementation strategies such as the use of design-build contracting or public-private partnerships. MoTH manages contractors, pays invoices and submits monthly progress reports to the BCTFA. BCTFA reimburses MoTH for direct costs incurred.

In addition to direct delivery of projects, MoTH also provides indirect support to the capital plan in areas such as engineering standards, highway system condition and performance monitoring, and corporate services. BCTFA engages MoTH on a fee for service basis to provide other functions such as freedom of information processes, aboriginal consultation, and telecommunications. BCTFA endeavours to use MoTH for services where it is cost effective to do so.

The BCTFA and Other Government Agencies

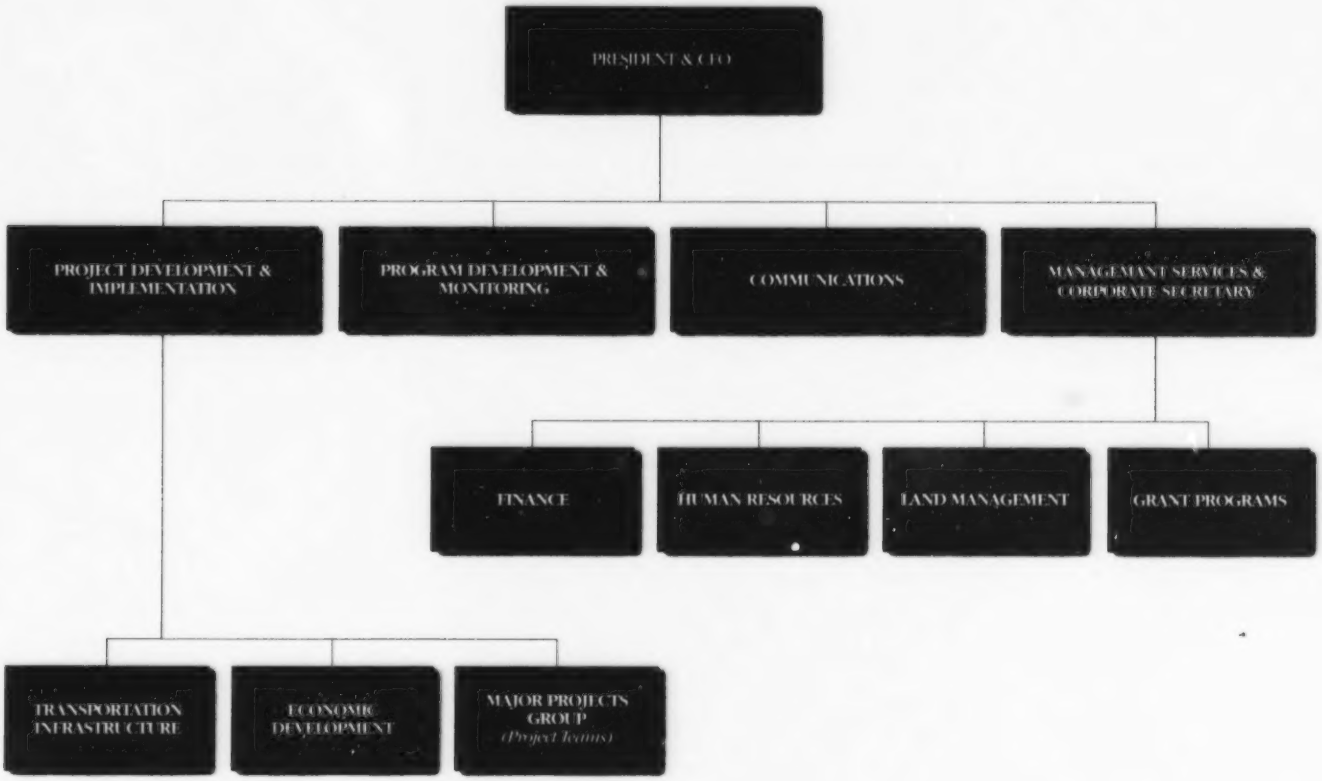
In support of its multi-modal planning mandate, the BCTFA coordinates the efforts of the Ministry of Transportation and Highways (MoTH), provincial transportation crown corporations, regional districts, municipalities and others in implementing the priorities set out in the provincial transportation plan, *Going Places*. Staff also work closely with colleagues at the Crown Corporations Secretariat. Examples of this collaboration include:

- The BCTFA works with MoTH and the transportation Crowns to develop multi-modal corridor or regional system plans (such as for the Lower Mainland and the Okanagan Valley).
- The BCTFA works with BC Transit, BC Ferries, Rapid Transit Project 2000 Limited, and BC Rail on specific projects. Examples include the Duke Point Access Road and coordinated development of rapid transit and High Occupancy Vehicle corridors in the Lower Mainland.
- The BCTFA works closely with Translink in the Greater Vancouver region. The two agencies collaborate on the region's Major Roads Network and on initiatives such as the BCTFA's HOV Network.

BCTFA Organizational Structure

The BCTFA has four operating groups that report directly to the President and Chief Executive Officer and through to the Board of Directors. They are:

- Program Development and Monitoring Division
- Project Development & Implementation Division
- Management Services Division
- Communications Branch



BCTFA Operations

OVERVIEW OF BCTFA OPERATING DIVISIONS

Program Development and Monitoring Division

The Program Development and Monitoring Division undertakes strategic planning, monitors progress on projects and develops programs that ensure maximum benefits for each dollar spent. In 1999/00, the Division successfully concluded the following initiatives:

- Developed and executed more than 100 project funding agreements with our delivery partners, including the Ministry of Transportation and Highways, various municipalities, the Vancouver International Airport Authority and private partners.
- Collaborated closely with project delivery teams to ensure that the taxpayer receives maximum value for highway infrastructure expenditures.
- As part of its monitoring activities, the Division improved the levels of reporting with regard to project milestones and expenditure forecasting. The enhancement of the Program Administration System improved monitoring capabilities and project coordination.
- Developed closer liaison with industry stakeholders such as the Consulting Engineers of British Columbia.
- Worked with the Insurance Corporation of British Columbia to develop an agreement on addressing highway safety initiatives.
- Developed highway rehabilitation strategies based on life cycle costing to make sure capital is invested effectively to preserve the Province's highways.
- Developed a capital project database for prioritizing and ranking projects according to well defined economic and performance criteria.

Project Development & Implementation Division

In support of BCTFA's corporate strategic goals, the Project Development and Implementation Division develops and delivers transportation projects that involve partnerships with other parties. In most cases, these partnerships are put in place to support economic development opportunities or improve mobility in rapidly growing urban areas. In some cases, they also serve to increase road safety and reliability.

These partnerships also involve one or more of the following features in support of other BCTFA corporate strategic goals.

- Cost-sharing with or cost recovery from users and other beneficiaries, usually represented by other levels of government or proponents of specific development initiatives, thus reducing the costs borne by provincial taxpayers.
- Taking the value of public land into account as a cost of new transportation infrastructure, and capturing the value of public land freed up because it is no longer needed to accommodate infrastructure, as well as the value added to other public land by the new infrastructure. The capture of these land values is usually accomplished through sale of the land. This provides for more cost-effective delivery of new infrastructure and reduces the cost borne by provincial taxpayers. This often requires the co-operation of local governments.
- Using alternative project delivery methods, including design/build, and design/build/development arrangements, in order to provide for more cost-effective project delivery and, in some cases to create training and employment opportunities for individuals from traditionally disadvantaged groups and local residents. Design/build combines both design and construction in a single contract, and transfers some risk to the contractor, while design/build/develop also incorporates the vending in of public land to take into account and capture its value.

The Division is also responsible for managing the Lions Gate Bridge Project, which entails replacement of the bridge deck, seismic reinforcement and widening of the Stanley Park Causeway. The bridge project is being undertaken in conjunction with a partnership project, involving cost sharing by the BCTFA, ICBC, TransLink and the City of Vancouver.
The partnership project includes the realignment and widening of the Stanley Park Causeway and Georgia Street at the entrance to Stanley Park, and improvements to transportation and other amenities within the Park.

To measure the performance of the Division in achieving the objectives for the partnership projects noted above, the BCTFA looks to the following six key indicators:

- The value of public infrastructure funded through partnership agreements
- The amount of funding secured from partners
- The extent of recoverable funding repaid
- The amount of incremental revenue generated from the sale of public land
- The amount of private sector investment facilitated; and
- Permanent jobs created.

The BCTFA has entered into partnership arrangements for about $320 million of transportation infrastructure. About $220 million has been or will be contributed by, or recovered from partners, and about $40 million has been or will be funded from the sale of public land.

Construction has been completed or begun on partnership projects with a value of almost $243 million. Of this total, about $40 million has been contributed or recovered from partners, and $145 million is expected to be recovered from partners in future years, and $28 million has been offset by the sale of public land. These projects have facilitated, or will facilitate or accelerate in excess of $2.3 billion in private sector investment and will create an estimated 2200 permanent jobs.

In 1999/00, $35 million of expenditures on partnership projects took place, of which $13 million was contributed by partners or recovered from public land sales. Future contributions and recoveries are expected to offset another $11 million.

In 1999/00, the BCTFA entered into six new partnership agreements, which will provide more than $140 million of new transportation infrastructure. All but $6.4 million is expected to be recovered from partners or land sales. These partnerships are:

- Barnes Lake Road near Lillooet
- Upgrade of Public Roads Used by Oil and Gas Industry in Peace River Region
- Highway 1 Interchange in Langley
- Highway 1 Interchange near Kamloops
- Kicking Horse Mountain Resort Access Road near Golden; and
- Waglisla Access Road

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Partnership projects constructed prior to 1999/00:

Williston Lake Ice-Breaking Log Ferry: The BCTFA provided $9.6 million in financing to construct the ferry. The ferry was designed to eliminate environmental concerns over the booming and towing of logs. The ferry also provides improved access to First Nations communities. The loan has been fully repaid with interest.

Highway 99 Interchange at Furry Creek: The BCTFA provided a $4.8 million loan guarantee to a developer to construct a grade-separated interchange on Highway 99 near Squamish. The developer is investing $125 million in residential units, a golf course, hotel, marina and retail/commercial complex. On site business operations are expected to create 200 full time jobs. The BCTFA earned a one per cent closing fee, and is earning one and one half per cent on the outstanding loan balance. The loan guarantee is secured by development properties.

Mt. Washington Access Road near Courtenay: The BCTFA funded the $14.9 million upgrading and paving of the access road to Mt. Washington Ski Resort and adjacent Strathcona Provincial Park. A surcharge on ski lift tickets is paid to the BCTFA to offset at least 50 per cent of the project's cost. Since the road was completed, a new $6 million hotel has been built at the resort, a $4 million high-speed quad lift has been installed and new housing has been built. About 550 people are employed seasonally at the resort and new hotel.

Quinsam Coal Storage and Barge Facility near Campbell River: The BCTFA invested $9 million in a facility and road near Campbell River to handle coal shipments from the Quinsam Mine. Recovery of the investment is through a levy on coal production. Mine employment increased by about 25 jobs following the investment. Softening world coal markets put the operation into serious financial difficulty, but a restructuring is currently underway and coal production is expected to continue.

Highway 7 Interchange in Mission: A $5.4 million Interchange in Mission was completed with contributions totalling $3.9 million from the District of Mission and the developer of a shopping centre. The developer is investing about $65 million in commercial and retail space. Once the centre is completely built, up to 1000 people are expected to be employed at the site.

Ballard Bus Demonstration Project in Greater Vancouver: The BCTFA purchased $1.4 million in share warrants in Ballard Power Systems Inc. to support an $8 million demonstration of Ballard hydrogen fuel cell technology in a transit bus application in Greater Vancouver. The BCTFA has liquidated some of its warrants and received $10.5 million in proceeds. The remaining warrants held are currently valued at approximately $3.5 million.

Partnership projects with construction completed in 1999/00:

Highway 3 Interchange at Castlegar: A $5 million interchange in Castlegar was completed with $1 million being contributed by the City of Castlegar, and revenues of $1.8 million from the sale of freed up provincial land to be realized.

Highway 99 Interchange in Surrey: A $10.7 million interchange in Surrey, at Highway 99 and 32nd Avenue was completed with $4.1 million contributed by the City of Surrey. The majority of the balance was funded by the sale of freed up land to the contractor. The developer is planning to make substantial investments at the site that will also generate significant construction and employment opportunities.

Barnes Lake Road near Lillooet: A $1.1 million upgrade of the Barnes Lake Road was begun and completed in 1999/00, with $0.5 million contributed by the developer of a basalt mine accessed by the road. The project strengthened and widened the road to allow year-round operation. The mine developer estimates an investment of up to $30 million in the mine and plant which together will employ 60 people.

Partnership projects under construction in 1999/00:

Airport Connector in Richmond: Construction of a $40 million project to improve the connection between Vancouver International Airport and Highway 99 is underway. The Vancouver International Airport Authority (VIAA) is contributing $10 million to the project and is delivering the project on behalf of both partners.

Sierra Yoyo Desan Resource Road near Fort Nelson: Work on the $12.6 million project to upgrade and maintain the resource road entered the second year of a five-year program. All project costs are being recovered from industrial users of the road and a continuing annual contribution of $300,000 from the Ministry of Energy and Mines.

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Upgrade of Public Roads Used by Oil and Gas Industry in Peace River Region: As part of the Oil and Gas Initiative 2, $103 million will be spent over six years to improve public roads used by the oil and gas industry. The enhanced access to oil and gas resources will result in incremental royalties, bonus bid and other direct revenues to the Provincial Government estimated at $460 million, which will in part be used to offset the costs of the road improvements.

Highway 1 Interchange in Langley: Work has started on British Columbia's second design/build/develop project, a $25 million interchange at 200th Street and Highway 1 in Langley. The BCTFA's share of the cost is being largely offset by the sale of freed up public land, and the Township of Langley is contributing $7 million. The developer is planning to make substantial investments in commercial facilities that will also create significant employment opportunities.

Partnership projects for which construction is anticipated to begin in the near future:

Kicking Horse Mountain Resort Access Road near Golden: Construction on a $3.8 million road improvement leading to the Golden Peaks Ski Resort is expected to start in 2000/01. The cost will be totally recovered through a surcharge on lift and gondola tickets. The proponent is investing a further $30 – 35 million in the resort, including the construction of hotels, condominiums and an eight passenger enclosed gondola.

Bella Coola Access Road: Construction of a $1.6 million upgrade of the road from the Discovery Coast ferry terminal on Campbell Island to the First Nations community of Waglisla is expected to begin in 2000/01. The Federal Government has matched $0.8 million BCTFA project funding, and any further costs are the responsibility of the Heiltsuk Band. The improved road will accommodate more efficient goods and people movement between Waglisla and the ferry terminal. Once the road is upgraded, the Heiltsuk Band expects to further develop opportunities in the tourism sector, and to build a warehouse and distribution centre.

Greenville to Kincolith Road Nass Valley: Up to $34 million will be spent to build a gravel, all-weather road between Greenville and Kincolith, with up to $16.5 million being recovered from the Federal Government and Nisga'a First Nation partners. The project has received environmental approval, and work is expected to start in 2000/01. The road will provide vehicular access to a previously isolated community.

HOV Lane and Transit Priority Network Development: A program to cost-share development of a network of High Occupancy Vehicle (HOV) lanes and transit priority measures in Greater Vancouver was established in 1999/00. The program provides for 50/50 cost sharing of projects with TransLink and/or municipalities in Greater Vancouver, and will have an annual budget of $1 million in future years. This program represents one of the BCTFA's initiatives to encourage the use of alternative transportation modes by urban commuters as well as to provide a cost-effective means for improving mobility in the rapidly growing Greater Vancouver region.

Traffic Management Pilot Program on Highway 1 in Greater Vancouver: A $20 million design/build arrangement for the TMP is expected to be initiated in 2000/01. It will involve deployment of sophisticated incident detection, response and traveller information systems. Revenues to partially offset costs are expected from the sale of data and access to the fibre optic facilities required for the program. The Ministry of Transportation and Highways is delivering the program.

Highway 1 Interchange in Abbotsford: The BCTFA is near finalization of an agreement with the City of Abbotsford to build a $22.1 million improvement to the Mount Lehman Interchange for which the BCTFA's share of the cost will be offset by the sale of freed up public land. The City of Abbotsford is contributing $9.2 million. The amount of private sector investment and associated employment to be generated has yet to be determined.

Stanley Park Causeway in Vancouver: The Causeway and Georgia Street at the entrance to Stanley Park are expected to be improved under a partnership arrangement. The cost of these improvements is estimated at $10 million, with $5 million being contributed by TransLink and the City of Vancouver, and a further $2 million by ICBC.

Highway 1 Interchange near Kamloops: Construction on a $7.1 million grade-separated interchange and additional improvements on Highway 1 east of Kamloops was expected to begin in 2000/01. A developer, who was planning industrial and residential developments, and who was to attract a partner to build a new Travel Truck Centre at a cost of $12 million, was expected to contribute $4.3 million to the interchange. The City of Kamloops was to contribute $0.8 million. Unfortunately, whether this project will proceed is uncertain due to difficulties the developer has incurred in securing the Travel Truck Centre partner.

Upgrade of Public Roads Used by Oil and Gas Industry in Peace River Region: As part of the Oil and Gas Initiative 2, $103 million will be spent over six years to improve public roads used by the oil and gas industry. The enhanced access to oil and gas resources will result in incremental royalties, bonus bid and other direct revenues to the Provincial Government estimated at $460 million, which will in part be used to offset the costs of the road improvements.

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Partnership projects for which construction is anticipated to begin in the near future:

Kicking Horse Mountain Resort Access Road near Golden: Construction on a $3.8 million road improvement leading to the Golden Peaks Ski Resort is expected to start in 2000/01. The cost will be totally recovered through a surcharge on lift and gondola tickets. The proponent is investing a further $30 – 35 million in the resort, including the construction of hotels, condominiums and an eight passenger enclosed gondola.

Bella Coola Access Road: Construction of a $13 million upgrade of the road from the Discovery Coast ferry terminal on Campbell Island to the First Nations community of Waglisla is expected to begin in 2000/01. The Federal Government has matched $9.8 million BCTFA project funding, and any further costs are the responsibility of the Heiltsuk Band. The improved road will accommodate more efficient goods and people movement between Waglisla and the ferry terminal. Once the road is upgraded, the Heiltsuk Band expects to initiate development opportunities in the tourism sector, and to build a warehouse and distribution centre.

Greenville to Kincolith Road Nass Valley: Up to $34 million will be spent to build a gravel, all-weather road between Greenville and Kincolith, with up to $16.5 million being recovered from the Federal Government and Nisga'a First Nation partners. The project has received environmental approval, and work is expected to start in 2000/01. The road will provide vehicular access to a previously isolated community.

HOV Lane and Transit Priority Network Development Program: A program to assist in the development of a network of High Occupancy Vehicle (HOV) lanes and transit priority measures in Greater Vancouver was established in 1999/00. The program provides for 50/50 cost sharing of projects with TransLink and/or municipalities in Greater Vancouver, and will have an annual budget of $1 million in future years. This program represents one of the BCTFA's initiatives to encourage the use of alternative transportation modes by urban commuters as well as to provide cost-effective means of improving mobility in the rapidly growing Greater Vancouver region.

Traffic Management Pilot Program on Highway 1 in Greater Vancouver: A $20 million design/build arrangement for the TMP is expected to be initiated in 2000/01. It will involve deployment of sophisticated incident detection/response and traveller information systems. Revenues to partially offset costs are expected from the sale of data and access to the fibre optic facilities required for the program. The Ministry of Transportation and Highways is delivering the program.

Highway 1 Interchange in Abbotsford: The BCTFA is near finalization of an agreement with the City of Abbotsford to build a $22.1 million improvement to the Mount Lehman Interchange, for which the BCTFA's share of the cost will be offset by the sale of freed up public land. The City of Abbotsford is contributing $2 million. The amount of private sector investment and associated employment to be generated has yet to be determined.

Stanley Park Causeway in Vancouver: The Causeway and Georgia Street at the entrance to Stanley Park are expected to be improved under a partnership arrangement. The cost of these improvements is estimated at $10 million, with $5 million being contributed by TransLink and the City of Vancouver, and a further $2 million by ICBC.

Highway 1 Interchange near Kamloops: Construction on a $7.1 million grade-separated interchange and additional improvements on Highway 1 east of Kamloops was expected to begin in 2000/01. A developer, who was planning industrial and residential developments, and who was to attract a partner to build a new Travel Truck Centre at a cost of $12 million, was expected to contribute $4.3 million to the interchange. The City of Kamloops was to contribute $0.8 million. Unfortunately, whether this project will proceed is uncertain due to difficulties the developer has incurred in securing the Travel Truck Centre partner.

Management Services Division

Besides taking care of the BCTFA's corporate services, such as information systems, finance and administration and human resources, the Management Services Division includes the Land Management Branch and Grant Programs Branch. The Division manages BCTFA-owned capital assets and develops the BCTFA's operating budget and financial plan.
During 1999/00, the Division succeeded in accomplishing the following:

- Completed transferring provincial highways and land held for future highway construction from the Province to the BCTFA. This work involved close collaboration with the Ministry of Transportation and Highways, Treasury Board, Ministry of Attorney General, Ministry of Forests and the British Columbia Assets and Land Corporation. In total, the BCTFA has received about 41,700 kilometres of roads and 5,000 properties, worth $4.1 billion.
- The Land Management Branch is maximizing returns from land sales near projects by working with the project managers at an early stage to ensure that the designs enhance property values as much as possible. In 1999, the Branch sold 32 properties for $5.7 million and, at the end of the year, had another 4 properties conditionally sold for $2.6 million. A further 5 were listed for sale at $1.2 million.
- The Grant Programs Branch oversees the delivery of grants from the Air Transportation Assistance Program, the Newly Incorporated Territories Program, the Cycling Network Program and Canada/BC Infrastructure Works Program. It worked with the Land Unit Use Coordination Office on developing a business case for the Trans Canada Trail. BCTFA financing will help with capital construction of the Trail in BC.

Communications Branch

The Communications Branch provides communications support and planning for the BCTFA's Board and its operating divisions. The Branch manages critical issues and provides strategic advice and communications planning in support of ongoing activities and programs. It also is responsible for media relations and event planning. In 1999/00, the Branch successfully undertook the following activities:

- Coordinated and directed province-wide communications and public affairs for the 1999/00 Provincial BCTFA Highway Capital Program throughout British Columbia.
- Organized and staged public announcements for the launch of the following capital projects: Highway 99/17 HOV facility; Port Mann Improvement Project; Nordel Way Completion Project; 200th St and Highway 1 Interchange Project; Lions Gate Bridge contract award; O'Connor Road Interchange (Kamloops), Ashcroft Quarry Road.
- Published the BCTFA's 1998-99 annual report
- Launched redesign of the BCTFA website
- Sponsored Bike To Work Week activities in Vancouver and Victoria
- Arranged local and province-wide announcements of grants under the Cycling Network Program and Air Transportation Assistance Program.
- Provided communications support to Highway Constructors Ltd.

PERFORMANCE MEASURES

As part of the Provincial Crown Corporation Accountability Framework, the BCTFA regularly monitors and reports on its performance. The performance measures were developed in conjunction with the Crown Corporation Secretariat.

Financial/Operational Measures

These measures are used to monitor financial performance in terms of the major transporation programs initiated by the BCTFA. The program flow from *Going Places*, the provincial multi-model transportation strategy developed in 1995.

Authorized capital budgets and investments by program

	95/96	96/97	97/98	98/99	99/00		
	Actual				Actual	Budget	Varience
Lower Mainland Congestion Relief Program	$87,165	$88,0375	$54,020	$48,954	$78,572	$97,804	20%
Priority Corridor Program	$233,047	$201,052	$138,357	$143,436	$167,627	$162,358	-3%
Major Highway Performance Sustaining Program	$52,394	$28,123	$12,959	$24,526	$63,716	$78,315	19%
Economic Development Program	$8,580	$14,190	$3,334	$12,132	$933	($9,857)	109%
Strategic Planning Fund (1)	$1,243	$576	- -	- -	- -	- -	- -
Preservation & Replacement Program (2)	- -		$23,321	$149,040	$146,137	$145,609	0%
Oil & Gas Initiatives 2 Program	- -		- -	- -	$2,998	$3,000	0%
Interest during construction	$16,610	$27,565	$24,658	$6,406	$19,145	$19,500	2%
	$399,039	**$359,543**	**$256,649**	**$384,494**	**$479,128**	**$496,729**	**4%**

Notes
(1) Effective April 1, 1997, the Strategic Planning Fund was accounted for as an expense of the current year.
(2) Prior to 1998, the Preservation & Replacement Program was funded from the Ministry of Transportation & Highways' voted appropriations.

Authorized operating budgets and expenditure by grant programa

	95/96	96/97	97/98	98/99	99/00	
	Actual				Actual	Budget
ATAP	$1,966	$1,613	$1,657	$990	$900	$1,270
CNP	$10	$2,405	$1,046	$1,890	$1,591	$2,180
ATP	$30	$11	$66	$100	$115	$100
NTTP				$914	$3,130	$4,320
IWP				$7,567	$6,628	$7,000
HOV/Transit Priority Program				- -	$820	$1,000
Trans Canada Trail (2)				- -	$120	- -
Regional road network				- -	$4,235	$3,800
	$2,006	**$4,029**	**$2,768**	**$11,461**	**$17,539**	**$19,670**

Notes
(1) Budget approved at beginning of fiscal year.
(2) The Trans Canada Trail initiative was approved by the Board of Directors and Treasury Board during the year.

Operations and administration costs as a ratio to total capital investments

	95/96	96/97	97/98	98/99	99/00
Operations and administration costs	$21,387	$21,458	$20,660	$22,039	$24,075
Total capital investments	$399,039	$359,543	$256,649	$384,494	$479,128
Ratio	5.36%	5.97%	8.05%	5.73%	5.02%

Gas tax revenue as a percentage of total revenue					
	95/96	96/97	97/98	98/99	99/00
Gas tax revenue	$53,277	$53,516	$108,543	$112,790	$166,157
Total revenue (excluding HCL)	$63,176	$65,316	$130,650	$126,302	$184,131
Ratio	84.33%	81.93%	83.08%	89.30%	90.24%

Productivity					
	95/96	96/97	97/98	98/99	99/00
# of projects completed in year	26	40	56	15	15
Portion completed on schedule	96%	83%	89%	93%	86%
Portion completed on budget	92%	80%	94%	80%	80%

Customer Service Measures

These measures are intended to serve as a benchmark for determining the BCTFA's performance in terms of how well both planning initiative and implemented programs/projects serve to meet overall transportation objectives and timeframes. These measures are, by nature, qualitative, not quantitative. Significant activities in 1999/00 included:

- Development of a post-implementation audit program for capital projects, with two projects audits initiated;
- Development of a post-implementation audit program for grant projects, with two project audits initiated;
- Completion of a program performance review of the Cycling Network program; and
- Improvements to project funding agreements resulting in better definitions of project scope, schedules, budgets and deliverables.

Social and Economic Measures

These measures are intended to measure the impact of BCTFA's activities relative to the social and economic development objectives of the government.

Social Measures: employment equity - HCL					
	95/96	96/97	97/98	98/99	99/00
Number of hours worked	839,253	1,013,453	573,473	707,278	1,428,930
Number of hours worked by equity groups	109,621	147,533	95,480	135,092	229,095
Equity as percentage of total	13.06%	14.56%	16.6%	19.1%	16.03%

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1999/00 BCTFA CAPITAL PLAN

The BCTFA's Capital Plan puts into practice the priorities laid out in the Government of British Columbia's transportation strategy, *Going Places*.

In 1999/00, the BCTFA's Capital Plan increased substantially from $206 million to $490 million. The purpose of the increase was to accelerate capital investments to support economic and community development throughout the Province.

Capital Plan Programs

1999/00 Program Spending Summary	($000s)
Preservation and Replacement Program	146.1
Priority Corridor Program	167.6
Major Highway Performance Sustaining Program	63.7
Lower Mainland Congestion Relief Program	78.6
Oil and Gas Initiatives 2	3.0
Economic Development Program	0.9
Interest During Construction	19.1
Total	**479.1**

The Capital Plan follows nine strategic goals, as outlined earlier in this report.

- Support local and regional economies through the acceleration of capital investments
- Improve the mobility of people and goods in expanding urban areas and along strategic transportation corridors
- Facilitate economic development and ensure mobility in the north and interior of British Columbia
- Support regional growth management plans and alternative transportation modes for urban commuters
- Improve highway safety
- Increase the share of the cost of new or improved highway infrastructure paid by users and beneficiaries
- Implement cost-effective means of solving transportation problems and constructing highway investments
- Invest in transportation infrastructure that supports economic and employment growth
- Provide employment training and opportunities for people from traditionally disadvantaged groups

Preservation and Replacement Program

In 1998/99, the BCTFA inaugurated a five-year program to maintain and protect the current condition of the provincial highway network and highway assets. The BCTFA continues to focus its investments under this program in three main areas:

Road and Bridge Surfacing
By replacing, repairing or hard surfacing roads at advantageous times, the life cycle costs of highways can be minimized. In 1999/00, 48 bridge replacements and 15 bridge re-decking projects were started. Also, 200km of gravel road were hard surfaced.

Bridge Rehabilitation and Replacement
In 1999/00, the BCTFA invested in the replacement of many of the most seriously deteriorated bridges and rehabilitated others to increase their service lives.

Seismic Retrofitting
In the earthquake-prone regions of British Columbia–the Lower Mainland, the northwest and Vancouver Island–there are 1,132 highway bridges. Of these, engineers have identified 470 as being seismically deficient. Those bridges that are most vulnerable and on designated emergency response routes are receiving priority for upgrading.

Priority Corridor Program

Projects under this program improve service along primary highways that have deficiencies and/or are facing pressures from traffic growth. The five priority corridors are:

- **The Vancouver Island Highway**
  The Island Highway represents a major investment ($1.2 billion in 1998 dollars) that will support and sustain long-term economic development for the Vancouver Island region.
- **Highway 1 from Cache Creek to the Rockies**
  The Trans Canada Highway is a route with international, national, provincial and local significance and which contributes to the economic and social affluence of BC. The highway is used to access major resource and tourism areas.

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- **Highway 97 from the US border to Highway 1**
  The main north-south highway in the Province and thus of international and national significance as well as serving as a major provincial transportation and tourism corridor.
- **Highway 37 north of Meziadin Junction**
  A crucial resource and tourism corridor for the northwest region of BC, this route requires long term upgrading in order to provide reliable service and to ensure safe access.
- **Nisga'a Highway**
  Conclusion of the treaty process in the Nass Valley will lead to economic growth and development. The region's main highway experiences flooding, poor surface conditions and deficient alignment that is an impediment to growth and reliable performance.

Major Highway Performance Sustaining Program

Funding from this program goes towards maintaining optimal service levels on major highways throughout the province that are not part of the Priority Corridor Program. Initiatives under this program include constructing

- Passing lanes and truck climbing lanes
- Intersection improvements
- Road realignments to improve safety
- Capacity improvements through towns and cities .

In 1999/00, the BCTFA invested in corridor studies for Highways 3 and 16. Work continued on those for Highway 97, north of Cache Creek and as well as Highway 11 in the Fraser Valley.

Lower Mainland Congestion Relief Program

By encouraging more people to use transit vehicles and to share rides in high occupancy vehicles (HOVs) using reserved highway lanes, this program is improving the effectiveness of existing transportation infrastructure. Other goals are to facilitate goods movement, utilize traffic management technology and programs to increase the efficiency of present existing transportation infrastructure as well as to improve highway connections to airports, border crossings, ferry docks and shipping terminals. In 1999/00 the BCTFA identified the following as ongoing program priorities to ease traffic flows in the Lower Mainland.

- Initiating a pilot Traffic Management Program project on Highway 1 between Lynn Canyon and Cape Horn.
- Improving the Cape Horn/Highway 1 interchange
- Adding a fifth lane for eastbound HOV traffic on the Port Mann Bridge
- Conceptual development of the proposed South Fraser Perimeter Road
- Completing the Nordel Way connector through a grant to Surrey and Delta
- Conceptual development of the North Fraser Perimeter Road
- Adding improvements to Highways 7, 10 and 99
- Continuing the development of the HOV/transit priority network

Economic Development Program

This program promotes economic activity through the provision of transportation infrastructure. Costs of projects funded under this program are shared or partly recovered. The BCTFA has completed several of these projects with various partners since 1995, including Mount Washington Ski Hill Road on Vancouver island, the Quinsam Coal barge facility near Campbell River, and the Finlay Navigation log barge in northeastern B.C. In 1999/00, work advanced on various proposals, including a new interchange at O'Connor Road and Highway 1 near Kamloops and a road upgrade for the Golden Peaks Resort in the Kootenays to be funded by a surcharge on each lift and gondola ticket.

Capital Investment Requirements

The provincial transportation strategy has identified the following conditions as providing the most pressing needs for capital investment in highway infrastructure.

1.**Aging infrastructure**
In 1998/99, the BCTFA began capitalizing rehabilitation of highway infrastructure in cases where such expenditures significantly increased a road's service life. The following table shows the cost of repairing roads at different stages of deterioration – the earlier highway pavement is restored, the lower the cost over the life cycle.

Condition	Age	Pavement Life Cycle Costs
Good		No rehabilitation with proper maintenance
Fair	12	Rehabilitation options range from $12,000 to $65,000 per km.
Poor	15	Rehabilitation options range from $80,000 to $120,000 per km.
Very Poor	20	Reconstruction is at least $400,000 per km.

2.**Wear and tear**
There are many factors contributing to highway wear and tear in British Columbia that, in many places, has geographical and climatic conditions that are conducive to hastening highway deterioration. When combined with increasing traffic volumes, pavement surfaces can erode quickly. The following factors, many unpredictable, affect British Columbia's highways and put pressure on rehabilitation budgets:

Climate. Frost heaves, floods, and melting snow can easily damage roads and bridges.

Traffic volume changes. When traffic volumes, for reasons such as economic or population growth, increase beyond a road's design capacity, the rate of deterioration will accelerate. This becomes pronounced when heavy vehicles use the highway in question.

Terrain. B.C.'s mountain regions are prone to landslides and avalanches as well as ground slippages and debris torrents along streams. Preventive countermeasures and post-event remedies are often expensive.

3. Rapid population growth and urban congestion
British Columbia's population has more than doubled since the 1960s and 1970s when many highways were originally built. Particularly in and around urban areas, there is an increasing demand for bypasses, interchanges and major road widening.

4. International Competition
British Columbia competes with other jurisdictions, such as Washington State and Oregon, for cargo and passengers going to Asia and vice versa. It also competes with other Canadian jurisdictions. This environment means that BC must make the capital investments required to ensure that our highway system is competitive and reliable.

5. Land Use Pressure
There are various competing uses for any particular area of land; these may include agriculture, recreation, housing, or industry. All of these factors may tend to raise the cost of land acquisition for highways, particularly near urban areas.

6. Highway Safety
As traffic counts along B.C.'s highways grow so do accident statistics. Improving highways for safety reasons saves costs in terms of insurance premiums and health care.

7. Economic Diversification
Improving highway capacity and efficiency helps rural communities diversify their economies. Better communications enable businesses to move to less congested regions.

Regional Capital Requirements

Northern British Columbia

Communities in the north of the province are separated by long distances, which are exacerbated by harsh terrain and climate. While the region's primary highways are able to cope with current and projected traffic volumes in the near future, the side roads feeding into them have deteriorated and need to be restored. For many residents both the primary and secondary roads are crucial for access to health care facilities and schools as well as work opportunities. Maintaining the main highways in good condition is always challenging but necessary for economic development, tourism and trade as well as residents.

Since 1998, the BCTFA has funded rehabilitation and replacement of highways in BC's north through the Northern Roads Initiative.

Kootenays and Thompson-Okanagan Regions

Many of the highways in the southern and central interior regions are part of the National Highway System and are important arterial routes for both international and national traffic. Population growth in the regions is straining some highways beyond their capacities.

In cooperation with MoTH, the BCTFA has completed investment planning for upgrading the Trans-Canada Highway from Cache Creek to the Alberta border. Other highways in these regions have aging bridges and ferries that need replacing.

Lower Mainland

Lower Mainland highways are essential commuter and goods-moving routes. Parts of the regional road network were transferred to the Greater Vancouver Transportation Authority (Translink) in 1999 reducing the BCTFA capital involvement in this region. The BCTFA's major investments in the region's provincial highways will involve the following:

- congestion relief
- commercial vehicle mobility
- cross-border goods movement
- access to ports
- seismic preparedness

Vancouver Island

The Vancouver Island Highway is approaching completion and will improve access to all communities from Victoria to Campbell River; this will assist development and economic growth along the east coast of Vancouver Island.

Capital Plan Highlights

Highway 1: Cache Creek to the Rockies

The Trans-Canada Highway – Highway 1 – joins British Columbia to the rest of Canada and the province's southern interior to the Lower Mainland and, via ferry, to Vancouver Island. This major east-west artery is vital for the prosperity of British Columbia and many of its communities and residents. Tourists travel along it for its scenic magnificence. Goods move to markets in other parts of Canada and connect to West Coast ports for shipping to Asia.

From Cache Creek (west of Kamloops where Highways 1 and 97 going north connect) to the Rockies, the Trans-Canada Highway has, for the most part, two lanes but there are passing lanes in places and four lanes in and around growing urban areas. Traffic volumes are increasing each year leading to congestion in the summer months, particularly along two-lane sections. This means delays for travellers and goods and a higher accident rate. In addition, some stretches of the highway in mountainous areas have deteriorated and require significant improvements if they are to remain reliable, especially in the winter months during extreme weather conditions.

To overcome these deficiencies, the BCTFA, in cooperation with the the Ministry of Transportation and Highways, developed a corridor management investment plan strategy in 1999/00 for this section of the Trans-Canada Highway. The primary elements of this plan are:

- An investment program of highway improvements that address the highway's traffic capacity, safety and reliability shortcomings.
- Access management strategies, mostly in urban areas, that link land development to road improvements and maintain highway performance.

During development of the plan, the route's major deficiencies have been identified and preliminary options for dealing with them have been put forward. Consultations with First Nations, local governments, and technical experts are continuing before determining the final plan. Issues that still require resolution include:

- Technical questions around geological conditions along some mountainous stretches that also involve finding construction methods that will not disrupt highway and rail movement.
- Environmental assessment requirements
- Potential cost sharing with the federal government.

The investment program strategy has three overall components:
1. Major improvements to highway lengths around Salmon Arm, Kicking Horse Pass between Golden and Yoho National Park) and Three Valley Gap (between Sicamous and Golden)
2. Functional improvements in Kamloops, Sorrento, Chase, Sicamous, Revelstoke and Golden.
3. Interurban improvements, such as passing lanes, highway realignments and safety enhancements, to facilitate higher traffic volumes and make the road safer.

One of the first projects in the entire program was the construction of a new interchange and other improvements at Monte Creek, east of Kamloops. The $15.9 million upgrading finished almost a year ahead of schedule and under its original budget.

Vancouver Island Highway

Work started on the final stretches of the highway between Courtenay and Campbell River in 1999/00. When finished in 2001, the $1.2 billion (1993 dollars) highway will have four lanes all the way from Victoria to Campbell River.

Nisga'a Highway

The Nisga'a Highway links residents and businesses in the Nass Valley to Terrace and points south. The two-lane, gravel road was originally built to serve resource industries in the region. An increase in resource activities and the growth of tourism require improvements to the entire route.

The BCTFA has agreed with the Nisga'a Tribal Council to improve and extend this highway and is undertaking a seven-year program to upgrade the highway to a paved, two-lane, all-weather surface. The project will also create job opportunities and training for local workers.

In addition, in 1999/00, an environmental assessment certificate was granted for the proposed new road from Greenville in the Nass Valley to the coastal community of Kincolith, which is now only accessible by sea or air. The up to $34 million project, cost-shared between the BCTFA, the federal government and the Nisga'a Tribal Council, includes building a 23-kilometre, gravel road along the north shore of the Nass River between Greenville and Mill Bay, constructing two bridges and surfacing an existing track from Mill Bay to Kincolith with gravel. When completed the road will have a 50-km/h standard and form part of the provincial highway network. Work on the highway is expected to start in 2000/01.

Port Mann Bridge

In fall, 1999, work began to add a fifth eastbound HOV lane to the Port Mann Bridge over the Fraser River between Surrey and Coquitlam. This two-year, $74 million, project, which also involves improving the Cape Horn interchange, will assist in clearing improving the Lower Mainland's worst traffic bottleneck. The project's main elements are

- expanding the bridge deck to accommodate a fifth eastbound lane for high occupancy vehicles
- seismic upgrading of the bridge
- improving the ramp onto the bridge
- a new ramp from Highway 7 to the westbound Trans-Canada Highway near Coleman Avenue
- a new connection from the Mary Hill bypass to the Trans-Canada Highway (completed in 99/00)
- improvements to traffic merging on Highway 7 between United Boulevard and the Cape Horn interchange.

Airport Connector

In August 1999, work began on the first phase of the Airport Connector to improve access to the Vancouver International Airport. The project involves upgrading the Highway 99 interchange, including a new northbound off-ramp and road widening. The contract for the final phase of the $40 million project was awarded in December 1999 and will incorporate a new fixed-span bridge, parallel to the Moray Channel swing bridge, over the middle arm of the Fraser River. This phase also includes an airport transit exchange to connect air travellers to the Lower Mainland's transit system. The Vancouver International Airport Authority, BCTFA's delivery partner, is managing construction of the project. The BCTFA is paying 75 per cent of the overall cost with the Airport Authority providing the remainder.

Highway 1/200th Street Interchange

In October 1999, the BCTFA awarded a contract to begin construction of a new interchange at Highway 1 and 200th St. in the Township of Langley.
The project is a partnership between the BCTFA and the Township of Langley. The BCTFA will contribute $3.1 million in cash and 55 hectares of provincial land near the existing interchange while the Township will contribute $6.9 million. The value of the new interchange is estimated at $24.9 million.

When completed, the new interchange and accompanying highway improvements will include rebuilding 200th Street from 84th Avenue to 92nd Avenue, a new four-lane overpass crossing Highway 1, the demolition of the existing two-lane overpass and moving the Walnut Grove TransLink Park'n Ride site.

By vending in land at the interchange and improving its value, the BCTFA has devised an innovative financing strategy that reduces the cost to the taxpayer for this new infrastructure.

South Surrey Interchange

The $9.6 million South Surrey interchange at Highway 99 and 32nd Avenue opened in December 1999. BC's first design/build/develop highway project resulted in substantial benefits at minimal cost to the provincial taxpayer since the BCTFA's share was covered by the sale of Crown land for a commercial centre development. Applying a design-build delivery model to the project further enhanced the value of the infrastructure. The project scope included a new crossing under Highway 99, three new traffic ramps and the relocation of the transit park-and-ride facility. The City of Surrey shared in the cost and management of the project.

Lions Gate Bridge

On May 1, 1999, the BCTFA awarded the contract for rehabilitating the Lions Gate Bridge to an international consortium led by SureSpan Construction Ltd. of West Vancouver and American Bridge Inc., the leading builder of suspension bridges in North America for 100 years. Construction started in July 1999. The $98.90 million project will result in the following improvements to the Vancouver landmark:

- a completely new bridge deck
- seismic upgrading of the bridge and its north viaduct
- wider traffic lanes on the bridge and Stanley Park causeway
- wider sidewalks for pedestrians and cyclists
- four public viewing platforms at the bridge towers
- replacement of the pavement along the Stanley Park causeway
- improved lighting, traffic controls and monitoring equipment.

Canron Construction Corporation in Delta is fabricating the new steel deck sections, each weighing up to 105 tonnes with five other B.C. companies making such new elements as the sidewalks, viewing platforms and fences. The refurbished bridge will be finished by the end of 2000.

Cost Containment

Cost-effective infrastructure investment is an important part of the BCTFA's mandate. Accordingly, the BCTFA employs a variety of strategies to achieve cost savings on all its capital investments. These strategies include:

- Innovative delivery methods
- Cost sharing agreements
- Disposal of provincial land
- Public-private partnerships (P3)
- Value engineering and value analysis

To date, over $133 million in direct cost savings have been achieved through the application of these strategies. The following table provides a summary of BCTFA's cost containment initiatives to date.

Capital Expenditure Savings *(through application of Cost Containment Strategies)*

			Savings	
Project	**Original Estimate**	**Review Process**	**$**	**%**
VIHP	$1112.9	Value Engineering Scope Review	2.4 33.0	3.2
Johnson Mariner Interchange	$18.3	Design-Build	1.5	8.2
Westview Interchange	$38.3	Design-Build	3.5	9.1
Duke Point Access Road	$50.0	Value Engineering	- -	- -
Hwy 1: HOV Lanes	$68.3	Value Engineering	8.0	11.7
Mt. Washington Ski Hill Rd	$14.7	Value Engineering P3	0.4 7.0	2.3 50.0
Mission Interchange	$4.5	Cost Sharing	3.0	66.7
Sierra-Yoyo-Desan Road	$12.6	P3	12.6	100.0
Furry Creek Interchange	$4.8	P3	4.8	100.0
South Surrey Interchange	$9.6	Cost Sharing, Land Benefits	4.06	100.0
Airport Connector	$40.0	Cost Sharing	10.0	25.0
Highway 1/200th Street/88th Avenue - Langely	$13.7	Cost Sharing, Land Benefits	10.6	77.4
Hwy 1: Monte Creek Interchange	$24.9	Value Engineering	4.0	16.1
Hwy 16: Andimual-Shandilla	$7.5	Value Engineering	1.9	20.1
Hwy 4: Summit Section	$5.6	Functional Specifications	2.6	46.1
Hwy 7: 240th - IR #5	$8.5	Value Engineering	0.4	4.6
Hwy 5: Heffley – Avola	$2.1	Functional Specifications	0.6	28.6
Hwy 3: Midway R/R crossing	$3.0	Functional Specifications	2.2	71.2
Hwy 16/97	$3.0	Functional Specifications	1.1	36.9
Westside Road #172	$1.9	Cost Sharing	0.4	21.1
Coordinating passing lane projects	$4.7	Integration	0.3	6.0
Hwy 1: Sumas-Vedder	$11.0	Value Analysis	1.2	10.9
Hwy 99 : Culliton Creek to Cheakamus Canyon	$18.0	Value Analysis	4.0	13.3
Hwy 97: Glenrosa Interchange	$11.0	Value Analysis, Design-Build	Nil	- -
Hwy 97: Swan Lake to Crozier Road	$22.0	Value Analysis	7.0	23.3
Hwy 3/22: Castlegar Interchange	$5.0	Value Analysis, Value Engineering	2.5	33.3
John Hart Bridge	$30.0	Value Analysis	4.0	13.3
Greenville-Kincolith	$30.0	Value Analysis	Nil	- -

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BCTFA GRANT PROGRAMS

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Air Transport Assistance Program

Established in 1978, the Air Transport Assistance Program (ATAP) provides financial assistance to community airports for capital works. For certain programs ATAP stipulates that the local government pay a share of the costs. The BCTFA assumed responsibility for ATAP in 1994.

ATAP enables remote and rural communities to have basic level of access by air and to enlarge airport capacity to accommodate population increases and economic growth. The program does not fund the operation or maintenance of airports.

The objectives of this program are to maintain British Columbia's air transport facilities to meet emergency requirements and encourage local airport investments. Since 1978, the program has contributed more than $60 million to community air facilities.

1999/00 Air Transport Assistance Program (ATAP) Grant Commitments

Air Transport Assistance Program (ATAP) grants are paid in installments: 25 per cent of funding at the time of the grant announcement, 50 per cent when the local authority enters into a contract for capital work and 25 per cent on completion of the project.

Location	Project Descpription	Grant
Burns Lake	Runway Crack Repair	$35,000
Dease Lake	Runway/taxiway crack sealing	$32,000
Grand Forks	Airport fencing	$195,000
Kitimat	Apply binder to runway gravel surface	$60,000
Lillooet	Airside pavement crack sealing	$17,166
Masset	Expand apron, add new taxiway	$190,000
Masset	Upgrade fuel storage facility	$156,000
Nakusap	Repair and resurface runway	$196,165
Pemberton	Remove 3 power poles, Runway 06	$12,000
Pitt Meadows	Crack sealing, Runway 26R, airport taxiways & ramp	$24,300
Qualicum Beach	Overlay existing apron	$93,750
Salmon Arm	Upgrade 1600m of perimeter fence	$36,000
Sechelt-Gibsons	Flightway clearing and brush control	$22,500
Vernon	Purchase property for flightway clearing	$149,160
	Total:	**$1,219,041**

The Cycling Network Program

The BCTFA created the Cycling Network Program in 1995 to encourage people to use their bicycles more often. The program gives grants to local governments to construct designated bicycle infrastructure throughout the province. Bicycles can be an efficient, safe, non-polluting and cost-effective alternative means of transportation to the automobile. In particular, the BCTFA seeks to encourage people to use their bicycles for everyday use, such as going to work or school and shopping. In 1999/00 the BCTFA completed a review of the program that resulted in improved administration and results measurements.

Since 1995, the BCTFA has shared in the cost of $20 million worth of cycling infrastructure, including shared roadways, shoulder bikeways, bicycle lanes and separated bicycle paths. The total length of these facilities is approximately 500 kilometres. In 1999/00, the BCTFA contributed $1.9 million to 20 communities for 28 projects.

1999/00 Cycling Network Program (CNP) Grant Commitments

Under the Cycling Network Program, the province pays municipalities up to half of the project costs. Funds are payable when the project is complete and the municipality has invoiced the province. Any cost overruns become the responsibility of the municipality. The figures provided below represent the maximum amounts available for each project.

Community	Project	Km	Grant
Abbotsford	Mt. Lehman Rd - Blueridge Dr to Downes Rd	0.90	$11,115
Chilliwack	Sheffield/Sheffield/Knight Connector – Webb Ave to Knight Rd	0.36	$38,750
Chilliwack	Knight Road - Queen St to Chilliwack River Rd	0.24	$11,250
Chilliwack	Yale Road - McGrath Rd to CN Railway Crossing	0.55	$15,000
Coldstream	Kalamalka Lake Road – Westkal Rd to 300m in front of Kal Beach	0.30	$26,000
Comox	Comox Ave - Glacier View Dr to Bayside Rd	0.60	$31,976
Delta	Arthur Drive - 34B Ave to Witworth Cr.	1.50	$70,040
Delta	64th Street/Highway 99 Crossing @ 400 metres west of 64th St	0.40	$38,316
Enderby	Salmon Arm Drive & Knight Ave Bike Route	1.40	$36,536
Kamloops	Schubert Drive Cycle Path	3.20	$200,000
Kelowna	Glenmore Road - Scenic Rd to south of Landfill	3.60	$200,000
Maple Ridge	132nd Ave - 203rd St to Neaves Rd	0.85	$25,012
Maple Ridge	Hammond Road - Pitt Meadows Bdy to Maple Meadows Way	0.11	$4,180
North Saanich	Lochside Drive - Sidney Boundary to Pat Bay Hwy	0.71	$33,620
North Vancouver (C)	Low Level Road – Esplanade to Moody Ave	1.00	$115,500
Parksville	Stanford Avenue – Bagshaw St to McVickers St	0.24	$8,281
Penticton	Kinney Ave, Wilson St, Lakeshore Dr, Dartmouth Rd, Lower Bench Rd & Ellis St – Bike Route Signs	1.80	$11,125
Penticton	Fairview Road - Scott Avenue to Channel Parkway	1.10	$4,892
Pitt Meadows	Hammond Road at Katzie Slough	0.10	$9,811
Richmond	Garden City Rd – Granville Ave to Williams Rd	2.40	$165,400
Saanich	Lochside Trail – Blenkinsop Bridge & Approaches	1.10	$200,000
Sidney	Lochside Dr, 5th St, Ocean Ave & McDonald Park Rd Bike Route	2.20	$33,007
Sidney	Highway 17- Ocean Ave to McDonald Park Rd	2.30	$94,075
Sunshine Coast RD	Veterans/King/Chaster – Hwy 101 to Pratt Rd	2.15	$83,910
Tofino	Highway 4 - Multi Use Path	0.70	$30,977
UBC	University Boulevard – Blanca St to Wesbrook Mall	2.50	$75,000
Vancouver	Woodland/McLean Drive (Mosiac Bikeway) – Adanac St to East 14th Ave	3.00	$200,000
Vancouver	Lakewood Drive – Oxford St to Adanac St	0.90	$104,800
Vancouver	Burrard View (Wall Street) – Oxford St to Kaslo St	1.40	$48,600
	Totals:	**37.61**	**$1,927,173**

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1999/00 Newly Incorporated Territories Program (NITP) Grant Commitments

Grants for this program are calculated according to a 75/25 cost-sharing formula between the provincial and municipal government. Grant shown is the provincial share contributed by the BC Transportation Financing Authority.

Community	Road/Bridge Details	Grant
Campbell River	Perkins Road from Vigar Rd to Hwy 19	$43,875
	Elffie Joy Road from Perkins Rd to North End	$9,300
	Evergeen Road from Petersen Rd to Fisher Rd	$16,125
	Pinecrest Road from Petersen Rd to West End	$26,460
	Merecroft Road from Trask Rd to South McPhedran	$29,400
	Franzen Road from Evergreen Rd to South End	$30,150
	Jacqueline Road from Pinecrest Rd to South End	$18,000
	Nikola Road from Willis Rd to South & East Ends	$20,175
	Alice Road from Baikie Rd to Coulter Rd	$10,800
Highlands	Millstream Rd from Finlayson Arm to Millstream Lake	$210,600
	Munn Road from Municipal Bdy to Woodridge	$234,000
	Ross-Durrance Rd from Willis Point to Hazlett Creek	$396,240
Hope	Silverhope Rd Floodhope Rd to 150m past Uplands Dr	$39,750
	Dr Frost Road from Kawkawa Lake Rd to End of Rd	$5,250
	Kereluk Road from Kawkawa Lake Rd to End of Rd	$24,000
Langford	Millstream Road at Treanor Ave Intersection	$353,444
	Goldstream Avenue at Peatt Road Intersection	$250,405
	Goldstream Avenue from Peatt Road to Jacklin Road	$233,914
Lillooet	Sumner Road at Whole Road	$15,000
	Cooks Road at Whole Road	$7,500
McBride	Eddy Road from Km 0 to km 0.46	$59,288
	Horseshoe Lake Road from Km 0 to km 0.44	$25,441
	Barnes Road from Km 0 to km 0.14	$8,775
	McBride South Road from Km 0.57 to km 1.30	$4,388
	McBride Access Road from Km 0 to km 0.43	$6,300
Pitt Meadows	Rannie Road from McNeil Rd to Sturgeon Slough	$168,317
Radium Hot Springs	Sinclair Creek Road Bridge at Sinclair Creek	$86,134
Vernon	Scott Road from Tronson Road east for 1.1 km	$97,418
	Eastside Road from OK Landing Road to East end	$64,313
	Okanagan Landing Rd from Fulton Rd east for 4.1 km	$213,900
Wells	Reservoir Road from 0.50 km at north end of road	$5,250
Williams Lake	South Lakeside Drive from 7th Day Adventist School to Reiter's Corner	$46,875
	Totals:	**$2,760,877**

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HIGHWAY CONSTRUCTORS LTD.

A wholly owned BCTFA subsidiary, Highway Constructors Ltd. (HCL) employs the workers on all designated transportation infrastructure highway projects worth $30 million or more, as well as the SkyTrain expansion project in the Lower Mainland.

The basic purpose of HCL is:

- To provide a well-qualified and well-trained labour force for all designated, major provincial transportation construction projects. HCL also manages labour relations and works to resolve disputes between contractors and employees.
- To provide employment opportunities and training for people from groups that are traditionally under-represented in the labour force. On average, 17 per cent of the workers that HCL hires come from these groups.

HCL provided labour for the following projects in 1999/00:

- Vancouver Island Highway
- Highway 1: Cache Creek to the Rockies
- Monte Creek Interchange
- John Hart Bridge
- Nisga'a Highway
- SkyTrain Expansion
- Trans-Canada Highway HOV Lanes
- Port Mann/Cape Horn
- Lions Gate Bridge

The company also opened project offices in Burnaby, Prince George and Terrace in addition to its existing head offices in Victoria and Nanaimo. HCL has been highly successful in ensuring local hiring for its projects. For example, Vancouver Island residents have performed 93 per cent of the work on the Vancouver Island Highway Project. HCL continues its proud safety record, which, in 1999/00, was 40 per cent better than the average for the industry.

HCL Board of Directors
(as of March 31, 2000)

Blair Redlin
Chair, President and CEO, BCTFA
Christie Brown
President and CEO, Highway Constructors Ltd.
Charles Kang
Deputy Minister, Employment and Investment
Gerry Armstrong
Deputy Minster, Advanced Education and Training
Valerie Mitchell
Deputy Minister, Community Development and Economic Security
Claire Dansereau
Deputy Minister, Transportation and Highways
Colin Smith
Chief Financial Officer, RTP 2000 Ltd
Hilarie McMurray
Deputy Minister, Women's Equality

Capital Investment Summary 1999/00

Project Description	Community	Funding ($ 000s)
Economic Development		
Property Acquisition	Throughout Province	406.220
Hwy 1 - Mount Lehman Interchange	Abbotsford	509.326
Golden Peaks Resort Access Road	Golden	1.452
Hwy 7 - Mission Interchange	Mission	5.331
Hwy 1 - O'Connor Road Interchange	Kamloops	223.770
Tuck Inlet to Port Simpson Connection	Port Simpson	156.381
	Subtotal	**1,302.480**
Lower Mainland Congestion Relief Program		
HOV Network Development	GVRD	29.215
Lions Gate Bridge	Lower Mainland	46,914.633
Hwy 1 - HOV Lanes (Grandview to Cape Horn Interchange)	Burnaby/Coquitlam	1,392.734
Airport Connector (Sea Island)	Richmond	9,465.002
Hwy 1 - 200th Sreet Interchange	Langley	4,390.412
Hwy 1 - Port Mann Bridge 5-Laning (incl. Lougheed/Cape Horn I/C)	Coquitlam/Surrey	13,667.166
Hwy 99 - South Surrey Interchange	Surrey	447.886
8th Avenue - Hwy 15 to Hwy 99	Surrey	95.080
Hwy 10 - 124th Street to 144th Street	Surrey	448.554
South Fraser Perimeter Road	Surrey/Delta	1,291.451
Hwy 1 - Dollarton E/B On-ramp Realignment	North Vancouver	207.395
Hwy 99/17 HOV Bus Lane	Delta/Richmond	717.767
Traffic Management Program (Hwy 1 Pilot Program)	GVRD	518.692
Hwy 99 NB On-ramp from River Road	Delta	563.086
Hwy 1 - Westview Interchange	North Vancouver	62.379
	Subtotal	**80,211.452**
Major Highway Performance Sustaining Program		
Kootenay Lake Ferry Replacement	Balfour	16,242.617
Hwy 99 - Culliton Creek to Cheakamus Canyon	Whistler/Squamish	498.092
Hwy 101 - Wharf Road - Conveyor	Sechelt/Gibsons	199.612
Hwy 1 - Capilano Interchange Improvements	North Vancouver	332.513
Hwy 11 - Harris Road to Sumas Way	Mission/Abbotsford	339.739
Hwy 1 - Sumas-Vedder Realignment	Abbotsford	7,065.468
Hwy 7 - 240th Street to West Boundary IR#5	Maple Ridge	3,656.985
Hwy 97 - Cahannel Parlway Intersection	Penticton	1.706
Hwy 5 - Preacher Hill Curves	Barriere	39.467
Hwy 97 - Exeter Station Road Intersection	100 Mile House	1,369.300
Hwy 99 - Fountain Underpass	Lillooet	8.189
Hwy 97 - Bull Mountain Road Passing Lane	Williams Lake	5.460
Hwy 5 - Heffley Creek to Avola Passing Lane	Barriere	1,399.249
Hwy97/20/Oliver Street Intersection	Williams Lake	299.024
Hwy 12 - Texas Creek Slide	Lillooet	538.566
Hwy 97C - Garcia Lake to Aspen Grove	Merritt	938.640
Hwy 97 - Airport Curve Realignment	Williams Lake	144.283
Hwy 20 - Tatla Lake to Nimpo Lake	Anahim	3,070.415
Hwy 3 through Cranbrook	Cranbrook	674.067
Hwy 3/22 - Castlegar Interchange	Castlegar	3,573.010
Hwy 3 - Midway to Boundary Falls	Greenwood	11.706
Hwy 3 - Johnstone Creek Realignment	Rock Creek	89.217
Hwy 3/33 Intersection	Rock Creek	20.133
Hwy 3 - Sandhill Corner Realignment	Rossland/Trail	500.693
Hwy 3/95 - Yahk Weigh Scale Access	Yahk	128.652
Hwy 3/95 - Moyie Bluffs Realignment	Cranbrook	710.979
Hwy 6 - Nakusp Truck Route	Nakusp	2,351.802
Hwy 3 - Olson Railway Crossing	Sparwood	10.655
Hwy 3 - Time Zone Passing Lane	Yahk	1,738.064
Hwy 97 - Browning/Dahl Climbing Lanes	Quesnel	19.640
Hwy 2 - Pouce Coupe Passing lane	Pouce Coupe	4.699

Capital Investment Summary 1999/00 *(Continued)*

Project Description	Community	Funding ($ 000s)
Major Highway Performance Sustaining Program *(Continued)*		
Hwy 97 - MacAlister Road/Edmunds Road Passing Lanes	McLeese Lake	213.834
Hwy 97 - Hush Lake Climbing Lane Extension	Quesnel	797.390
Hwy 97 - South Peace Hill Reconnaissance Study	Taylor	299.385
Hwy 16 - Vance - Cowart Road Intersection	Prince George	1,374.606
Hwy 97 - Westcoast Energy Road Passing Lane	Fort St. John	96.457
Hwy 97 - John Hart Bridge and Interchange	Prince George	5,955.421
Hwy 97 - Cottonwood Bridge	Quesnel	85.604
Hwy 97 - Bennett Creek - Link Creek	Chetwynd	51.624
Hwy 97 - Buckhorn Road and Reeves Drive Passing Lanes	Prince George	147.705
Hwy 16 - Andimaul to Shandilla Realignment	Kitwanga/Hazelton	2,638.604
Hwy 37 - Deltaic Creek to Kiniskin Lake Upgrade	Cassiar	2,985.305
Hwy 16 - Smithers Curb and Gutter	Smithers	732.734
Hwy 4 - Redford Road to Elkford Road	Port Alberni	132.864
Hwy 4 - Thunderous Creek to TR 19 culvert	Ucluelet/Tofino	38.654
Smith, Batty and Debeau Road Upgrades	Port Alberni	44.950
Hwy 4A - Station and Pratt Road Intersections	Parksville	1.054
Hwy 19 - Campbell Way Intersection	Port McNeil	0.376
Hwy 19 - Misty Lake Realignment	Port McNeil	3,049.974
Hwy 4 - Truck Climbing Lane	Port Alberni	670.152
	Subtotal	**65,299.335**
Oil and Gas Initiative Program		3,007.685
	Subtotal	**3,007.685**
Preservation and Replacement Program		
99/00 Bridge Replacement Program	Throughout Province	20,674.128
99/00 Seismic Retrofit Program	Lower Mainland/Vancouver Island	6,822.372
99/00 Safety and Minor Capital Improvement Program	Throughout Province	10,156.474
99/00 Road and Bridge Re-surfacing Program	Throughout province	106,538.663
Hwy 12 - Lytton Bridge Replacement	Lytton	1,682.969
Hwy 97 - Honeymoon Creek to Bijoux Falls	McLeod Lake	3,444.727
	Subtotal	**149,319.333**
Priority Corridor Program		
Vancouver Island Highway Project (VIHP)	Vancouver Island	129,276.550
Hwy 97 - Okanagan Lake Bridge	Kelowna	1,149.730
Hwy 1 - Cache Creek to the Rockies	N/A	15,364.715
Hwy 1 - Tumbleweed Interchange to Sonora Road	Kamloops	2,319.786
Hwy 1 - Monte Creek Interchange	Kamloops	11,670.725
Hwy 97A - Swan Lake to Crozier Road	Vernon	3,618.151
Hwy 97 - Winfield to Oyama	Winfield	56.084
Hwy 97 - Glenrosa Interchange	Westbank	8,759.963
Hwy 1 - Hospital Road to 30th Street	Salmon Arm	401.963
Nisga'a Highway Upgrade	Nass Valley	6,776.234
Nisga'a Highway - Greenville to Kincolith Road Extension	Greenville/Kincolith	680.704
	Subtotal	**180,073.690**
Economic Development Program		1,302.480
Lower Mainland Congestion Relief Program		80,211.452
Major Highway Performance Sustaining Program		65,299.335
Priority Corridor Program		180,073.690
Preservation and Replacement Program		149,319.333
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Capital Investment Summary 1999/00 *(continued)*

Project Description	Community	Funding ($000s)
Major Highway Performance Sustaining Program *(continued)*		
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Hwy 97 - Hush Lake Climbing Lane Extension	Quesnel	797,400
Hwy 97 - South Peace Hill Reconnaissance Study	Taylor	299,485
Hwy 16 - Vance - Cowart Road Intersection	Prince George	1,374,000
Hwy 97 - Westcoast Energy Road Passing Lane	Fort St. John	96,457
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Hwy 97 - Bennett Creek - Link Creek	Chetwynd	51,624
Hwy 97 - Buckhorn Road and Reeves Drive Passing Lanes	Prince George	147,705
Hwy 16 - Andimaul to Shandilla Realignment	Kitwanga Hazelton	2,638,004
Hwy 37 - Deltaic Creek to Kiniskin Lake Upgrade	Cassiar	2,985,305
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	Subtotal	**65,299,335**
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Hwy 97 - Glenrosa Interchange	Westbank	8,759,963
Hwy 1 - Hospital Road to 30th Street	Salmon Arm	401,963
Nisga'a Highway Upgrade	Nass Valley	6,776,254
Nisga'a Highway - Greenville to Kincolith Road Extension	Greenville Kincolith	680,704
	Subtotal	**180,073.690**
	Total	**479,213.975**
Economic Development Program		1,302,480
Lower Mainland Congestion Relief Program		80,211,452
Major Highway Performance Sustaining Program		65,299,335
Priority Corridor Program		180,073,690
Preservation and Replacement Program		149,319,333
Oil and Gas Initiative Program		3,007,685
	Total	**479,213.975**

Financial Report

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Report of the Auditor General of British Columbia

To the Board of Directors of
the BC Transportation Financing Authority, and

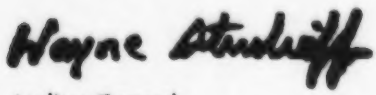
To the Minister of Transportation and Highways,
Province of British Columbia:

I have audited the consolidated balance sheet of BC Transportation Financing Authority as at March 31, 2000 and the consolidated statements of earnings and retained earnings and of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted accounting standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of BC Transportation Financing Authority as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff, CA



Auditor General
Victoria, British Columbia
June 16, 2000

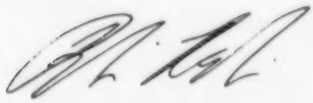
Management Report

The consolidated financial statements of the BC Transportation Financing Authority have been prepared by management in accordance with generally accepted accounting principles.

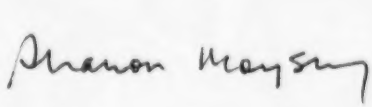
Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for the preparation of financial statements.

The Board of Directors is responsible for the review and approval of the financial statements and meets with management and the external auditor to discuss the results of the audit examination and financial reporting matters. The external auditor has full access to the Board of Directors with and without the presence of management.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Auditor's report outlines the scope of his examination and expresses an opinion on the financial statements of the BC Transportation Financing Authority.



Blair Redlin
President and Chief Executive Officer



Sharon Moysey
Executive Director
Management Services and
Corporate Secretary

Consolidated Balance Sheet

Year Ended March 31, 2000

($000s)	2000	1999
Assets		
Current assets:		
Cash and temporary investments	**17,019**	10,327
Marketable securities (note 3)	**88**	88
Accounts receivable	**26,894**	12,737
	44,001	23,152
Corridor protection (note 4)	**34,123**	34,130
Capital assets (note 5)	**5,842,908**	5,605,126
	5,921,032	5,662,408
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	**101,067**	81,954
Interest payable	**27,324**	17,997
Deferred contributions (note 6)	**13,484**	13,298
	141,875	113,249
Capital debt net of sinking funds (note 7)	**1,827,963**	1,420,356
Deferred capital contributions (note 8)	**3,334,223**	3,532,796
	5,304,061	5,066,401
Equity		
Retained earnings	**96,637**	74,415
Contributed surplus (note 8)	**520,334**	521,592
	616,971	596,007
	5,921,032	5,662,408

Commitments (note 18)
Contingencies (note 19)
The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Director

Director

Consolidated Statement of Earnings and Retained Earnings

Year Ended March 31, 2000

($000s)	2000	1999
Revenues		
Dedicated taxes (note 9)	**177,157**	123,709
Contractors' fees (note 10)	**26,568**	--
Other (note 11)	**6,974**	2,593
	210,699	126,302
Expenditures:		
Operations		
Construction wages and benefits (note 10)	**26,568**	--
Grant programs (note 12)	**17,539**	11,461
Sierra Yoyo Desan road improvements (note 13)	**2,491**	--
Transportation planning	**1,822**	1,994
Training programs	**54**	55
General and administrative expenses:		
Ministry of Transportation and Highways services (note 14)	**18,700**	16,700
Salaries and benefits	**3,025**	2,886
Professional services	**1,252**	1,393
Office	**488**	477
Rent	**370**	351
Travel	**240**	232
Interest (note 15)	**73,760**	68,130
Amortization	**41,671**	32,058
Write down of project costs	**497**	14,117
	188,477	149,854
Earnings (loss) from operations	**22,222**	(23,552)
Transfer of highways to lower mainland municipalities (note 16)	--	(90,713)
Amortization of deferred capital contributions (note 8)	**189,690**	--
Amortization of assets transferred from the Province (note 8)	**(189,690)**	--
Net earnings (loss) for the year	**22,222**	(114,265)
Retained earnings, beginning of year	**74,415**	188,680
Retained earnings, end of year	**96,637**	74,415

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31, 2000

($ 000s)	2000	1999
Cash provided by (used in):		
Operations:		
Earnings (loss) from operations	**22,222**	(23,552)
Amortization, which does not involve cash	**41,671**	32,058
Change in non-cash operating working capital	**14,469**	27,591
	78,362	36,097
Financing:		
Increase in capital debt - borrowings	**429,631**	346,657
Contribution to sinking funds	**(22,024)**	(11,880)
	407,605	334,777
Investments:		
Additions to capital assets	**(479,277)**	(370,103)
Increase in cash and temporary investments	**6,692**	771
Cash and temporary investments, beginning of year	**10,327**	9,556
Cash and temporary investments, end of year	**17,019**	10,327

The accompanying notes are an integral part of these financial statements.

BC Transportation Financing Authority (BCTFA), established in 1993 as a Crown Corporation of the Province of British Columbia by the enactment of the Build BC Act, has a mandate to plan, acquire, construct, hold and improve transportation infrastructure throughout British Columbia. As a government enterprise, BCTFA co-ordinates the planning and implementation of transportation infrastructure in British Columbia and uses dedicated tax revenue, project revenue and miscellaneous revenue for the financing of infrastructure projects.

Highway Constructors Ltd. (HCL), a wholly owned subsidiary, was formed to provide the labour force and labour relations structure for contractors working on major transportation infrastructure projects. During the year ended March 31, 2000, HCL provided the labour force to the following projects: Vancouver Island Highway, Lions Gate Bridge Rehabilitation, Port Mann Bridge, Rapid Transit Project 2000 Ltd. in the lower mainland, Highway 1: Cache Creek to the Rockies in the interior, John Hart Bridge in Prince George, and the Nisga'a Highway Improvement Project in the Nass Valley.

At March 31, 1999, highway assets owned by the Province of British Columbia, excepting leased land, inland ferries and their terminals, were transferred to BCTFA. This transfer was done in accordance with the Budget Measures Implementation Act, 1999. Administration, regulatory responsibility and operational authority for management of the highways, as set out in the Highway Act, remains the responsibility of the Minister and the Ministry of Transportation and Highways.

1. Significant accounting policies:

a) **Basis of presentation:**
As prescribed by Section 18(8) of the Build BC Act, the consolidated financial statements of BCTFA are prepared in accordance with generally accepted accounting principles.

b) **Principles of consolidation:**
The consolidated financial statements include the assets, liabilities and operating results of BCTFA and its wholly owned subsidiary, HCL. Inter-company accounts and transactions are eliminated. General and administrative costs of HCL that relate directly to the provision of labour and associated services of BCTFA projects are capitalized as part of the cost of constructing the related infrastructure.

c) **Temporary investments and marketable securities:**
Temporary investments and marketable securities are carried at the lower of cost and fair market value.

d) **Corridor protection:**
Corridor protection properties are stated at cost. The cost of these properties will become part of work in progress when the applicable projects commence. These properties are held for future highway development.

e) **Capital assets:**
Land is stated at cost.

Work in progress consists of direct project expenditures and related financing costs. Capitalization of interest during construction ceases at the end of the year when a project is substantially complete and ready to use. Project costs are written down in the year it is determined no tangible asset will result. Work in progress is not amortized.

Completed infrastructure is stated at cost and is amortized commencing in the year following completion.

Highway infrastructure transferred from the Province of British Columbia is recorded at net book value and, where necessary, estimates were used.

Office equipment and leasehold improvements are stated at cost.

Capital assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Asset	Useful Life
Completed infrastructure - surfacing	15 years
- all other infrastructure costs	40 years
Office equipment and leasehold improvements	5 years

f) **Deferred contributions**:
Deferred contributions are amounts received from outside agencies for infrastructure projects. These contributions are deducted from related capital construction costs as they are incurred.

g) **Deferred capital contributions**:
Deferred capital contributions represent the offset for the highway infrastructure transferred to the BCTFA from the Province of British Columbia on March 31, 1999. These contributions are amortized at the same rate as the related highway infrastructure.

h) **Federal and provincial taxes**:
Both the BCTFA and HCL are exempt from corporate income taxes. HCL is subject to the Goods and Services Tax.

i) **Bond discounts, premiums and issue costs**:
Bond discounts and premiums are amortized using the effective yield method over the term of the related debt. Fiscal agency fees are expensed in the year incurred. Other issue costs are deferred and written off on a straight line basis.

j) **Related party transactions**:
The BCTFA is related through common ownership to all Province of British Columbia ministries, agencies and crown corporations. Transactions with these entities, unless disclosed separately in these financial statements, are generally considered to be in the normal course of operations, and are recorded at the exchange amount.

k) **Use of estimates**:
The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements.

2. Change in accounting policy:

Amortization of bond discounts and premiums was changed in 1999/2000 from the straight-line method to the effective yield method to be consistent with the Province's accounting policies. Prior period financial statements have not been restated as the amount was deemed to be immaterial ($0.1 million).

3. Marketable securities:

BCTFA owns 11,000 fully transferable share purchase warrants in Ballard Power Systems Inc. as part of the Ballard Power Systems Inc. and Province of BC Fuel Cell Program Agreement. The warrants expire on March 19, 2001. Each warrant entitles the BCTFA to purchase three common shares at a price of $25.63. (Market value March 31, 2000 - $3.381 million, March 31, 1999 - $1.250 million.)

4. Corridor protection:

A fund has been established to support the acquisition of properties in advance of need as part of a corridor protection strategy.

($ 000s)	**2000**	1999
Cash	**4,006**	4,006
Properties - Purchased by BCTFA	**5,624**	5,624
Properties - Transferred from the Province	**24,493**	24,500
	34,123	34,130

5. Capital assets:

($ 000s)			**2000**	1999
	Cost	Accumulated amortization	**Net book value**	Net book value
Land	773,190	- -	**773,190**	761,566
Work in progress	255,823	- -	**255,823**	201,413
Completed infrastructure	5,090,548	277,246	**4,813,302**	4,641,396
Office equipment and leasehold improvements	1,609	1,016	**593**	751
	6,121,170	278,262	**5,842,908**	5,605,126

6. Deferred contributions:

($ 000s)	**2000**	1999
Beginning balance	**13,298**	10,909
Add: contributions during the year	**681**	2,444
Less: amounts transferred to capital assets	**(495)**	(55)
Ending balance	**13,484**	13,298
Consisting of:		
Federal Government of Canada	**11,944**	11,398
Municipal governments	**1,405**	1,900
Provincial government	**50**	- -
Other	**85**	- -
	13,484	13,298

7. Capital debt and sinking fund:

($ 000s)	**2000**	1999
Bonds and Notes payable to the Province of British Columbia		
Fixed-rate debt: Various issues at an average effective interest rate of 6.543% (1999 - 6.504%) maturing at various times to 2039	**1,308,091**	956,882
Variable-rate debt: Various issues at an average effective interest rate of 5.175% (1999 - 4.942%), maturing at various times to 2027	**569,393**	490,971
	1,877,484	1,447,853
Sinking funds on deposit with the Province of British Columbia	**(49,521)**	(27,497)
Net capital debt	**1,827,963**	1,420,356

At March 31, 2000, the coupon rates on fixed-rate debt ranged from 5.75% to 9.50% (1999 - 5.70% to 9.50%). All foreign currency debt has been swapped to Canadian dollars.

Sinking funds are established to retire debt. Projected sinking fund contributions for each of the next five years are (in 000s):

2001 - $26,275
2002 - $31,735
2003 - $38,104
2004 - $42,095
2005 - $45,902

The Provincial Treasury is the fiscal agent of the BCTFA. Debt borrowed through the provincial government's fiscal agency program carries a provincial guarantee.

Pursuant to Section 23(1) of the Build BC Act, BCTFA may borrow the sums of money considered necessary to carry out its mandate. At March 31, 2000, the BCTFA was authorized to borrow up to $1,864.5 million, net of sinking funds.

8. Asset transfer from Province of British Columbia:

At March 31, 1999 highway assets owned by the Province of British Columbia, excepting leased land, inland ferries and their terminals, were transferred to BCTFA. The value was established by the Province based upon depreciated historical costs and estimates.

($ 000s)

	Opening Balance	Additions/ (Disposals)	Amortization	Closing Balance
Assets Transferred				
Land	497,092	(1,251)	- -	495,841
Corridor protection	24,500	(7)	- -	24,493
Completed infrastructure	3,532,796	(8,842)	- -	3,523,954
Accumulated amortization	- -	- -	(189,731)	(189,731)
Total Transferred Assets	4,054,388	(10,100)	(197,301)	3,854,557
Contribution from Province:				
Deferred capital contributions - depreciable assets	3,532,796	(8,842)	(189,731)	3,334,223
Contributed surplus - non-depreciable assets	521,592	(1,258)	- -	520,334
Total Contributions	4,054,388	(10,100)	(197,301)	3,854,557

In 1999/2000, residents of Bowen Island and Sooke voted to incorporate. Accordingly, the Province through an Order-in-Council transferred administration and control of highways forming part of the regional road network in those municipalities to the new municipalities. The net book value of the highways transferred was $10.1 million.

9. Dedicated taxes:

Under the Build BC Act, the Province of British Columbia collects gasoline and motor fuel taxes on behalf of BCTFA under Section 13 of the Motor Fuel Tax Act (3 cents per litre), and car rental taxes under Section 26 of the Social Services Tax Act ($1.50 per car rental day).

($ 000s)	**2000**	1999
Tax revenues earned:		
Motor Fuel Tax Act	**166,157**	112,709
Social Services Tax Act	**11,000**	11,000
	177,157	123,709

On April 1, 2000, the Province of BC through the Budget Measures Implemntation Act, 2000 transferred to BCTFA a further quarter cent per litre of existing taxes collected under the Motor Fuel Tax Act.

10. HCL operations:

HCL is the employer of the construction labour force on various transportation infrastructure projects. HCL recovers its construction labour costs from the construction contractors. Payments and recoveries in 2000 were $60.668 million (1999 - $25.465 million), made up of $26.568 million from contractors for the Rapid Transit Project 2000 Ltd. and $34.1 million from contractors on BCTFA projects. Construction labour costs on BCTFA projects are capitalized as part of the cost of constructing the related infrastructure.

11. Other revenue

($ 000s)	**2000**	1999
Economic development projects	**644**	1,187
Properties	**3,485**	1,245
Sierra Yoyo Desan road tolls (note 13)	**2,491**	- -
Other	**354**	161
	6,974	2,593

12. Grant programs:

The BCTFA provided grants during the year under the following programs:

Application-driven programs -
- Air Transport Assistance Program - capital works at community airports.
- Cycling Network Program - municipal and provincial cycling infrastructure.
- Local Roads component of the Infrastructure Works Program - capital works on local roads.
- Newly Incorporated Territory Program - road improvements to fulfill outstanding commitments under the former provincial Incorporation Assistance Program.

Other contributions -
- Alternative Transportation Program - grants to third parties to encourage the development and use of alternative transportation modes.
- HOV/Transit Priority Program – cost-sharing with municipal and regional governments to leverage higher vehicle occupancy and transit use.
- Regional Road Network Program – cost-sharing with municipal and regional governments for improvements to public roads, not operated by the province, that offer significant benefits to the provincial transportation system.
- Trans Canada Trail Initiative - improvements to key bridges and trestles and trail mitigation measures along the 1,750 kilometre route.

($ 000s)	**2000**	1999
Air Transport Assistance Program	**900**	990
Alternative Transportation Program	**115**	100
Cycling Network Program	**1,591**	1,890
HOV/Transit Priority Program	**820**	- -
Infrastructure Works Program	**6,628**	7,567
Newly Incorporated Territory Program	**3,130**	914
Regional Road Network Program	**4,235**	- -
Trans Canada Trail Initiative	**120**	- -
	17,539	11,461

13. Sierra Yoyo Desan Road:

In 1999, BCTFA entered into a 5 year contract with Walter Construction for improvements to the Sierra Yoyo Desan Road, an industrial access road in north-eastern BC primarily serving petroleum, forest and pipeline companies. Costs are recovered from an annual contribution by the Ministry of Energy and Mines and from tolls levied on industrial users. Recovered costs are included in Other Revenue.

14. Ministry of Transportation and Highways services:

In 2000, $18.7 million (1999 - $16.7 million) was paid to the Ministry of Transportation and Highways for general services not specifically attributable to individual capital construction projects.

15. Interest expenses:

($ 000s)	**2000**	1999
Interest on capital debt	**97,201**	78,348
Interest income	**(4,296)**	(3,812)
	92,905	74,536
Capitalized interest	**(19,145)**	(6,406)
Net interest expense	**73,760**	68,130

16. Transfer of highways:

In February 1998, the Province signed the Transportation Governance and Funding for Greater Vancouver Agreement. Under this Agreement, administration and control of highways forming part of the major road network in the Lower Mainland were transferred, by Order-In-Council on March 31, 1999, to the municipality in which they are located. The net book value of the BCTFA financed highways transferred was $90.7 million.

17. Pension plan:

The BCTFA and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act (formerly known as the Pension (Public Service) Act). The British Columbia Pension Corporation (formerly known as the Superannuation Commission) administers the Plan, including the payment of pension benefits. The Plan is a defined benefit pension plan. The financial position of the Plan is described in the financial statements of the Plan included in the Public Accounts of the Province. The Province of British Columbia has statutory responsibility for any unfunded liability. The March 31, 1999 actuarial valuation has determined the Plan is in a surplus position. During the year contributions of $0.1 million were returned to BCTFA.

18. Commitments:

At the end of each year, the BCTFA has a number of general commitments outstanding for ongoing infrastructure projects. Such future expenditures are charged to the capital program of the year in which the work or service is performed. The approved capital program for 2000/01 is $485.5 million.

The BCTFA also has grant commitments for $0.5 million for cycling network projects, $0.2 million for air transport assistance projects, $1.0 million for newly incorporated territory projects and $2.5 million for local roads projects, all of which will be completed after March 31, 2000.

19. Contingencies:

Contingent liabilities of $70.3 million remain after deducting the estimated settlement expense currently accrued from gross claims outstanding for capital projects.

The BCTFA has provided a $5.5 million infrastructure loan guarantee to Tanac Development Canada Corporation relating to Furry Creek access improvements. This loan guarantee is fully secured against real properties.

BCTFA Board of Directors

As of March 31, 2000, the BCTFA Board of Directors was made up of the following members:

Honourable Harry Lali, Chair, Minister Responsible for the BCTFA, Minister of Transportation and Highways

Honourable Corky Evans, Minister of Agriculture, Food and Fisheries and Minister Responsible for Rural Development

Honourable Dan Miller, Minister of Energy and Mines and Minister Responsible for Northern Development

Honourable Jenny Kwan, Minister of Community Development, Cooperatives and Volunteers

Gerard Janssen, MLA-Alberni

(MLAs who also served on the BCTFA Board during 1999/00: Jim Doyle, Erda Walsh and Helmut Giesbrecht.)